Equity Index Futures Trading Recommendations

26th June 2025

"Stay LONG SPX - Uptrend Ongoing (near term)"

Email: info@longvieweconomics.com

Trading Recommendation ('1 – 2' week equity index trading recommendation)

- Stay ½ LONG S&P500 futures (entry was last week at 6,056 on September contract);
- Retain unchanged stop loss at 6,050 on Sept futures.

Rationale

Price action in US equities remains encouraging for the bulls. In particular, after moving sharply higher on Monday and Tuesday, equities held onto their gains yesterday, and have made new highs overnight/this morning (e.g. see FIG 1). With that, both the S&P500 and NASDAQ100 have broken out of their recent sideways trading ranges (FIGs 1a & 1b) and, in the case of the NASDAQ, the 50 day moving average is about to cross back above the 200 day trend line. That's known by technicians as a 'golden cross' (a bullish signal, especially when it's on high volumes).

Other indices in the US have also performed well. Yesterday that included the Philly SOX (+1.0%) which has (more convincingly) broken out to the upside (FIG 1c), given strength in key leadership stocks (e.g. Nvidia, up 4.3% yesterday, FIG 1d).

Arguably that strength in equities has been aided by lower Treasury yields/Fed rates this week (as well as the ceasefire in the Middle East). Yesterday implied Fed funds rates for this year and next fell further (with more than two rate cuts now priced for later this year). The dollar has also continued to trend down and make new lows (typically a tailwind for equities). Today's Fed commentary will be watched closely in that respect (with Goolsbee, Barkin, Daly & Barr all due to speak, following Powell's testimony to Congress yesterday). Markets are also watching Trump, who is expected to name his pick for the new Fed chair early (i.e. in an attempt to undermine Powell, e.g. see HERE).

Our view remains unchanged from yesterday.

Despite recent strength in equities/risk assets, our short term models are not on SELL. Most are still NEUTRAL (having been close to BUY this past week). That includes our risk appetite, technical, put to call, and momentum models, some of which are still close to BUY (see FIGs 2 – 2g). Sector and single stock models are also mid-range/leaning towards BUY (FIGs 3 – 3b). Overall, therefore, short term models have headroom before reaching their SELL thresholds and, as such, they **point to further near term upside in US equities**.

The risk reward therefore favours staying LONG SPX futures, with an unchanged stop loss. Please see above for detailed recommendation.

Please see below for a full list of today's key macro data and events.

Kind regards,

The team @ Longview Economics

FIG 1: S&P500 September futures 10 day chart, with overnight price action

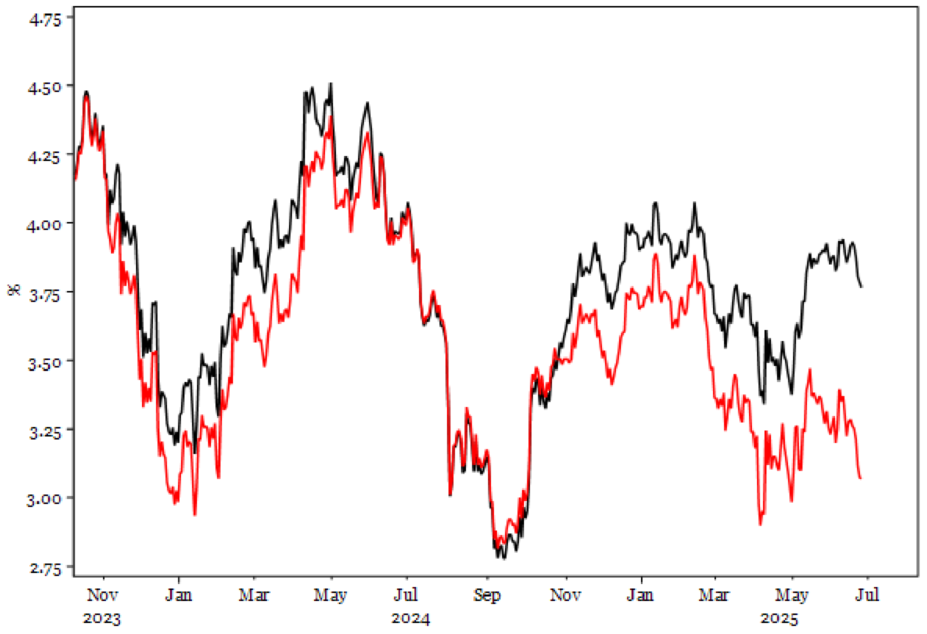
FIG 1a: S&P500 September futures candlestick chart shown with 50 & 200 day moving averages

FIG 1b: NASDAQ100 September 25 futures candlestick shown with 50 & 200 day moving averages

FIG 1c: Philly SOX cash index candlestick, shown with 50 & 200 day moving average

FIG 1d: NVIDIA share price (USD/share), shown with 50 & 200 day moving averages

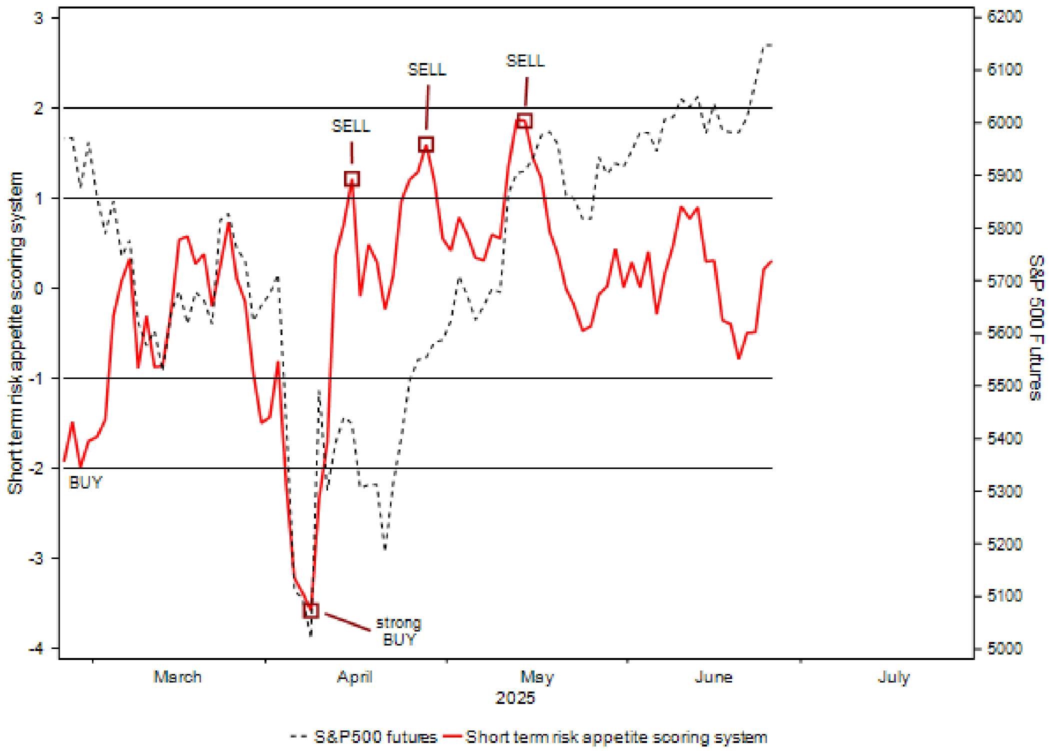
FIG 1e: Implied Fed funds rates (December 2025 & 2026, %)



Source: Longview Economics, Macrobond

Short term models are mostly NEUTRAL (but moving higher)……

FIG 2: Longview short term **'risk appetite'** scoring system vs. S&P500



Source: Longview Economics, Macrobond

FIG 2a: Longview combined key **'risk appetite'** models (RAG1 + RAG2) vs. S&P500

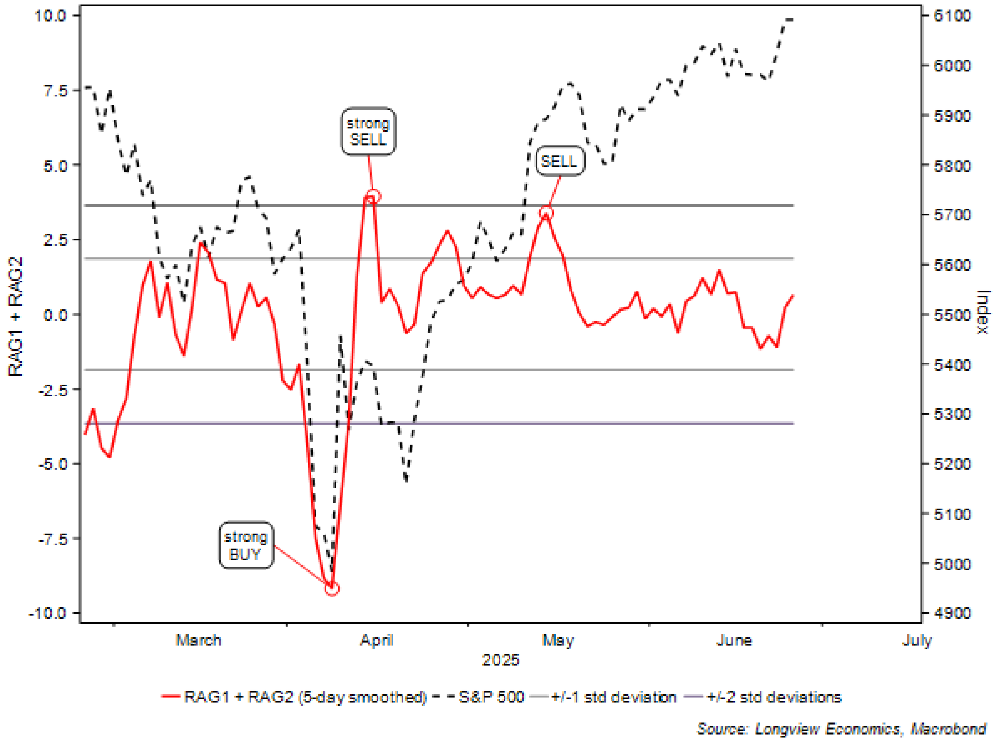


FIG 2b: Longview S&P500 **short term 'technical'** scoring system vs. S&P500 futures

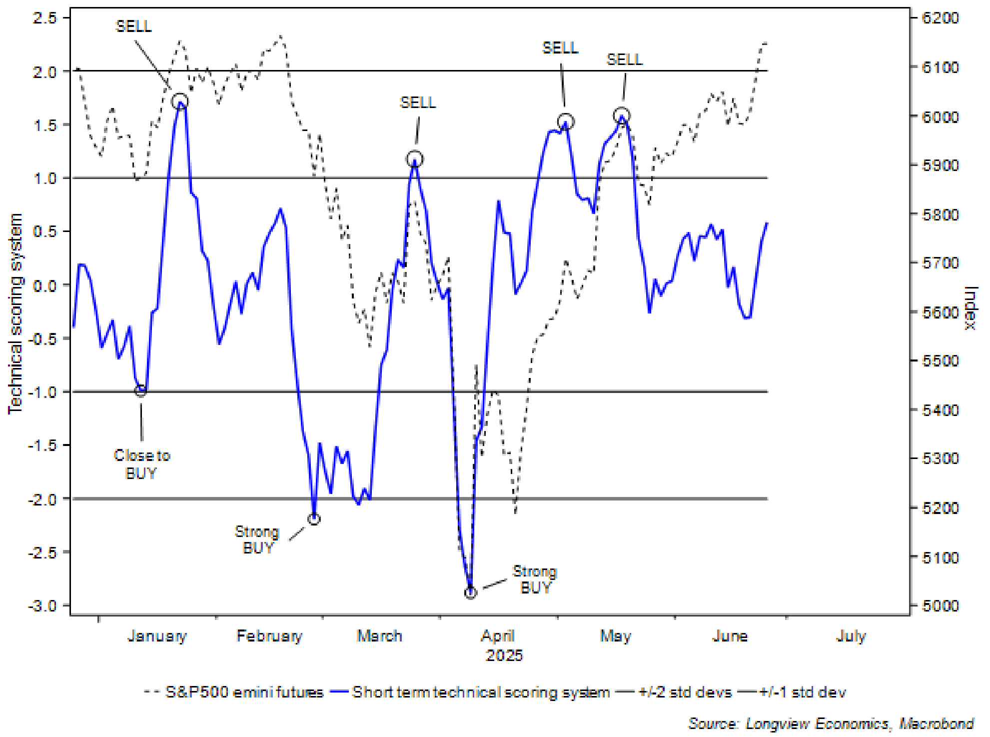


FIG 2c: Longview DAX30 short term **'technical'** scoring system vs. DAX30 index

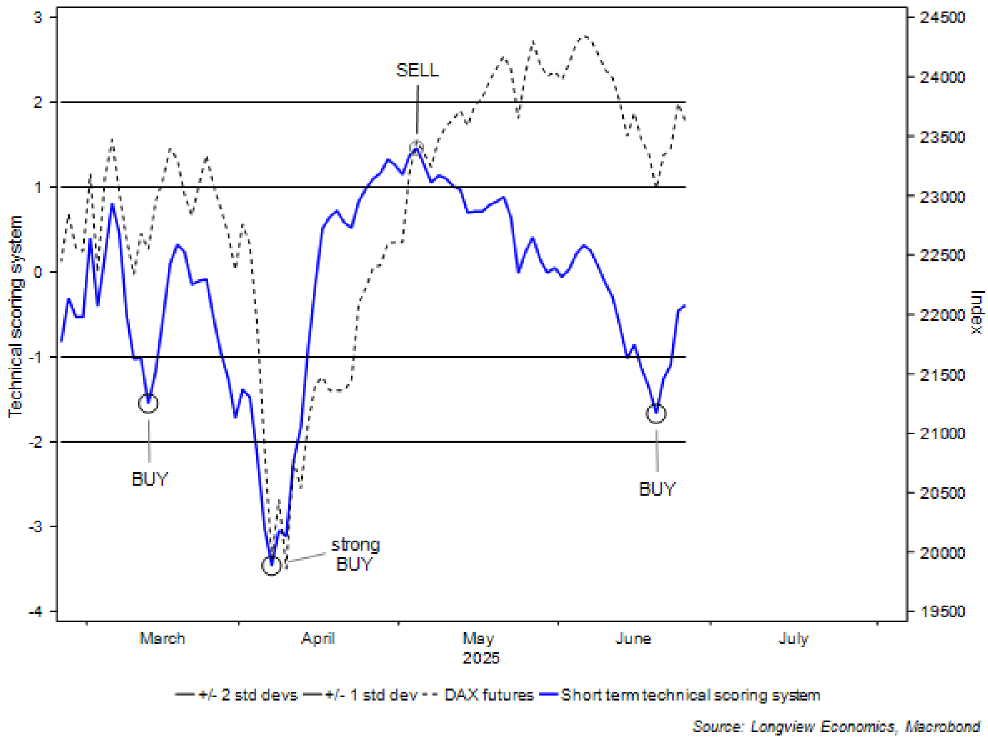


FIG 2d: Longview NDX100 & Philly SOX short term **'technical'** scoring system vs. NDX100 futures

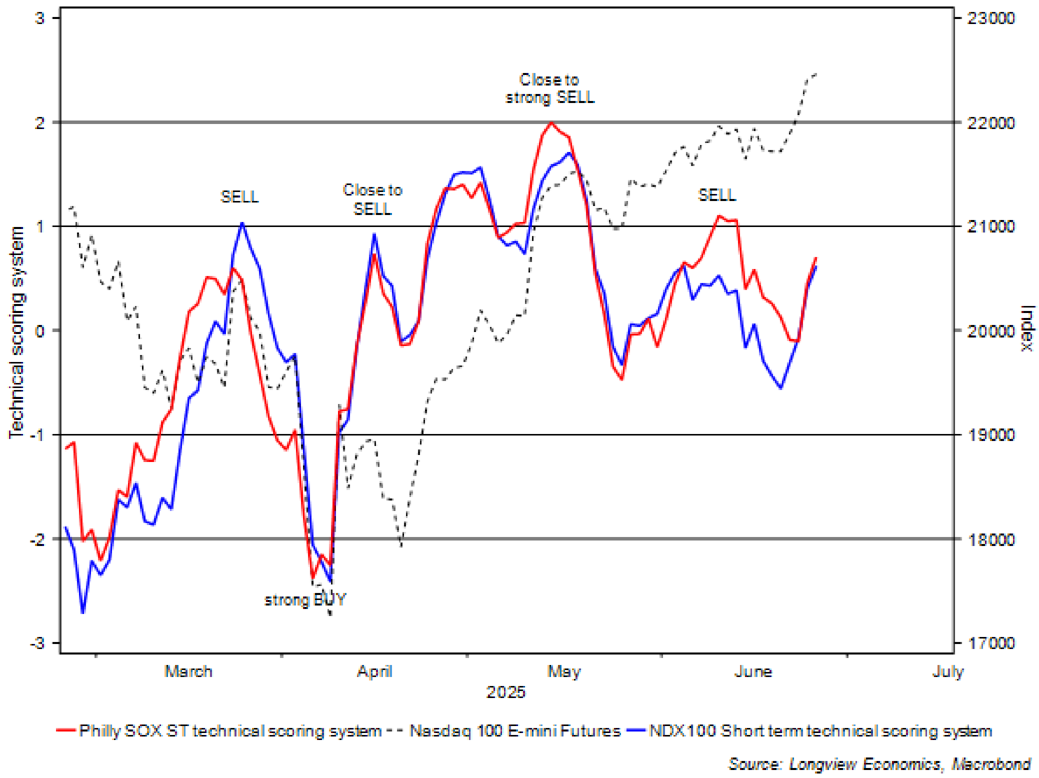


FIG 2e: US S&P500 stocks with upward momentum shown vs. S&P500

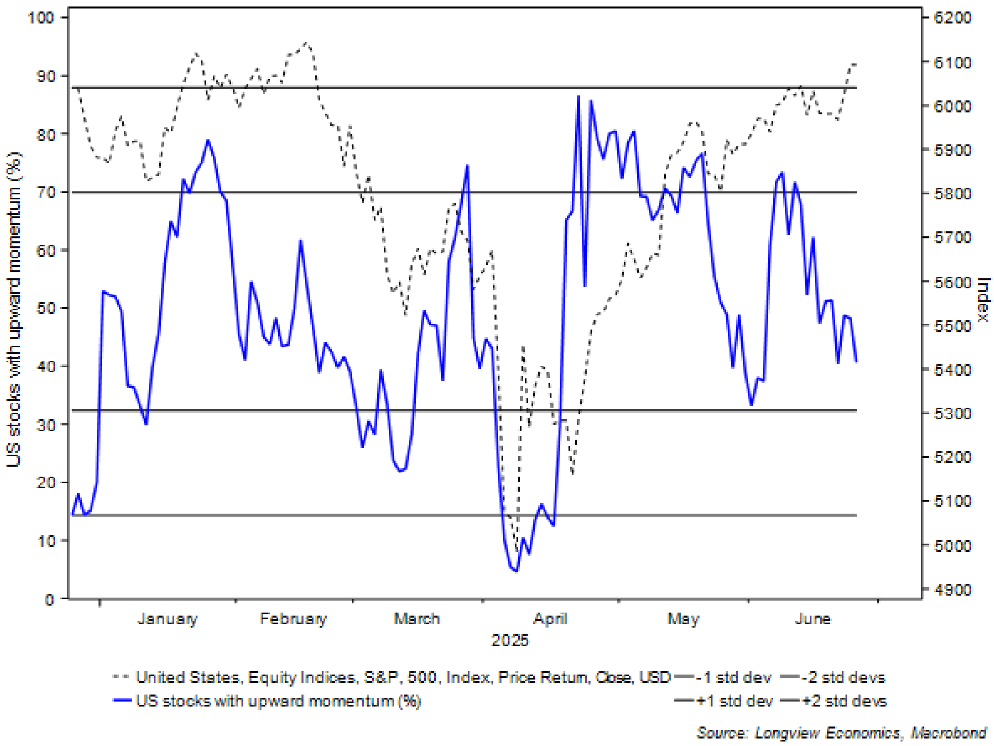


FIG 2f: CBOE put to call ratio (1 & 3 day smoothed with standard deviation bands) vs. S&P500

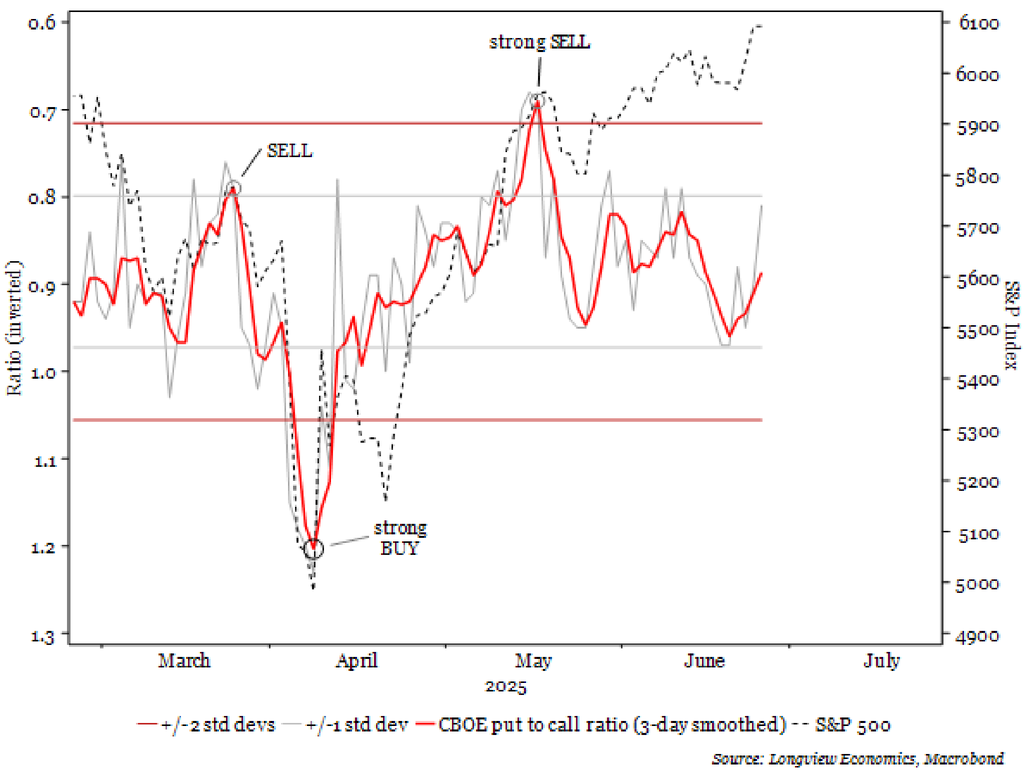
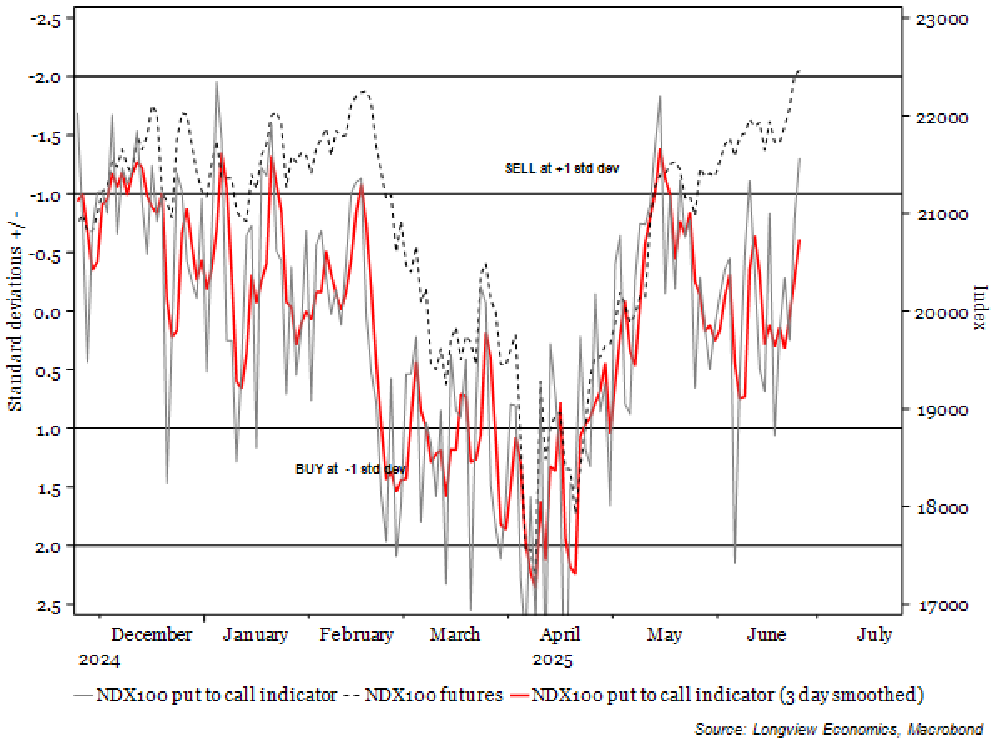


FIG 2g: NDX100 put to call indicator (1 & 3 day smoothed) vs. NDX100



Sector and single stock models are mid-range/leaning towards BUY

FIG 3: Average short term 14d RSIs of US industry groups (i.e. all 24) vs. S&P500

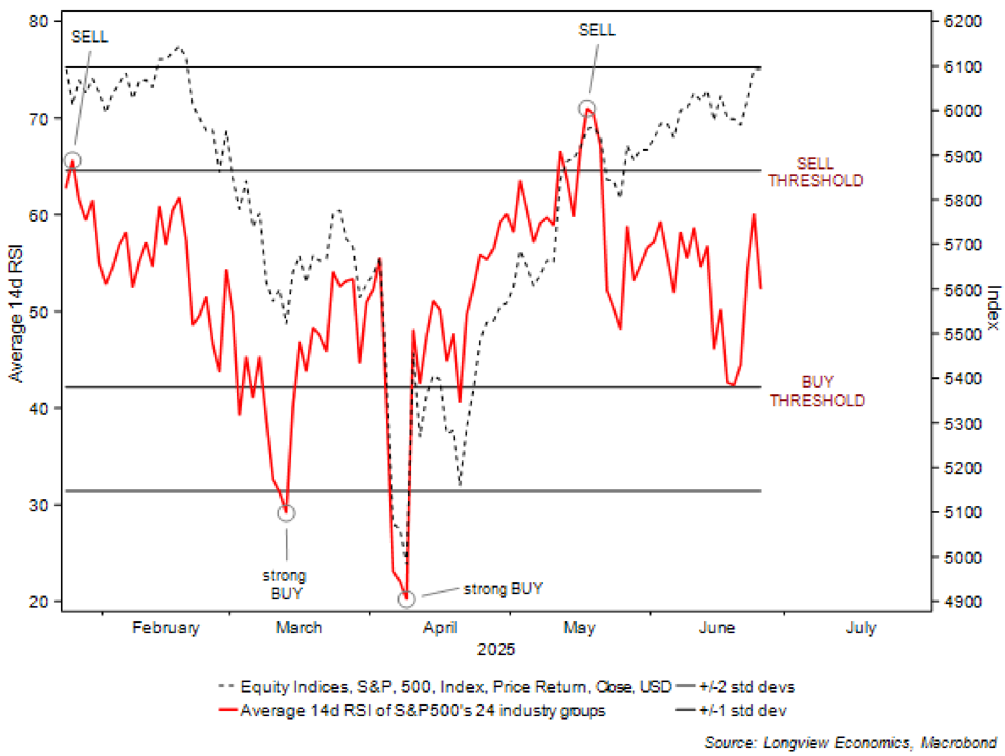


FIG 3a: Proportion of US stocks above their 10-day moving average vs. S&P500

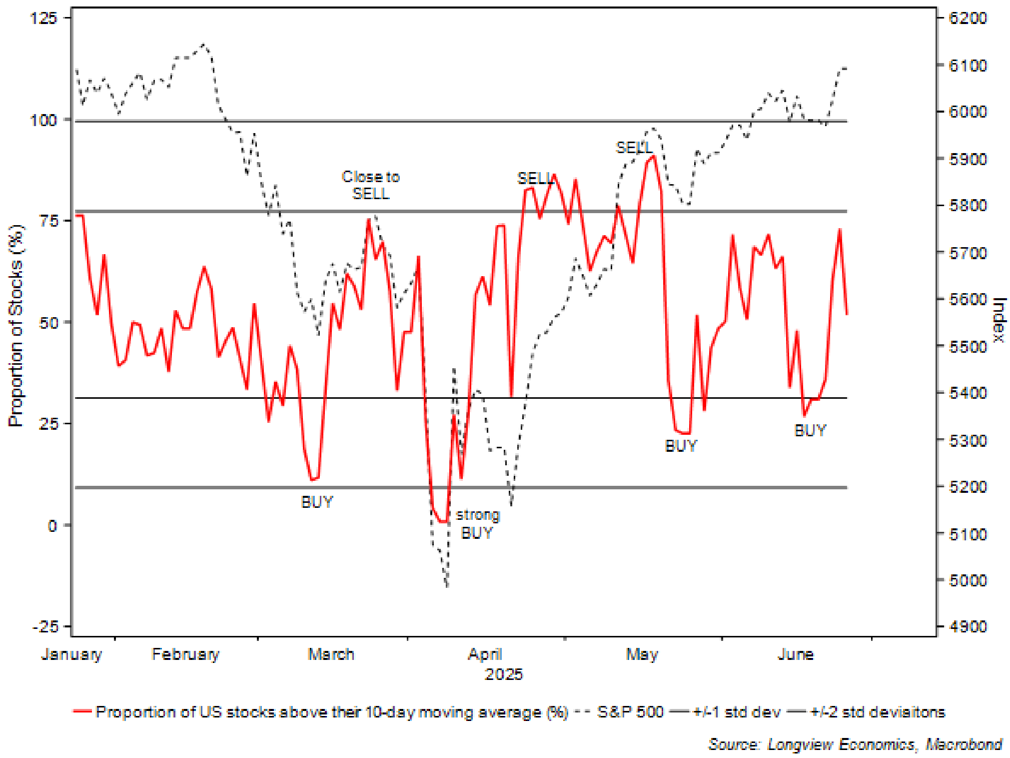
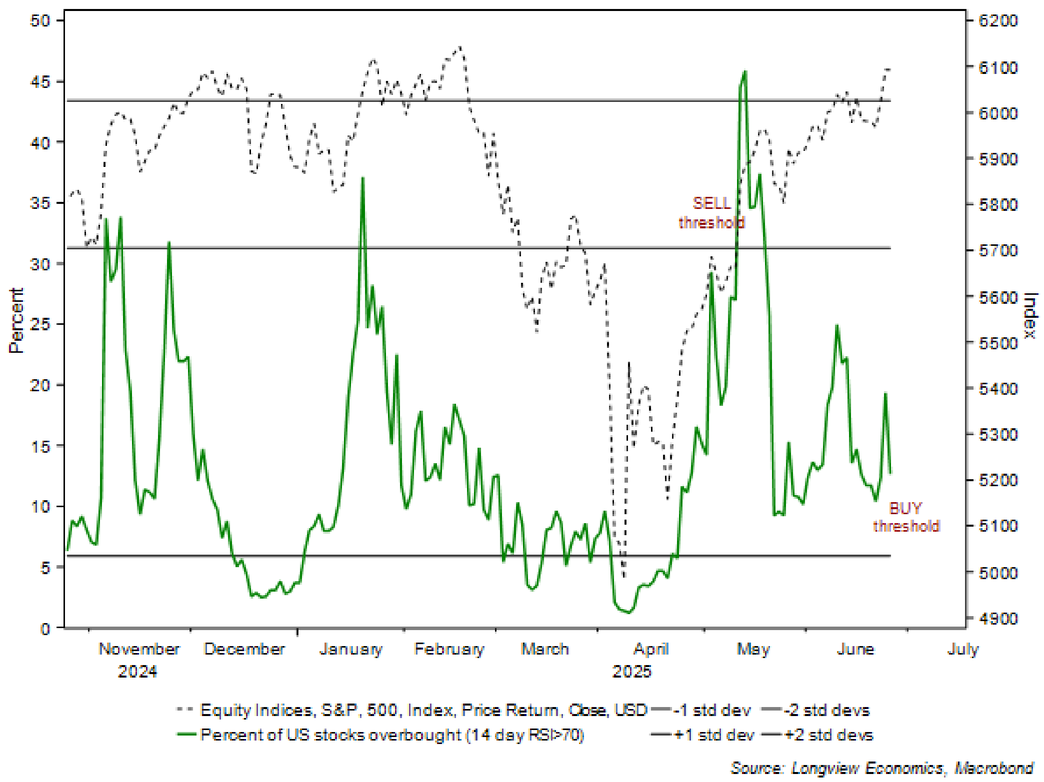


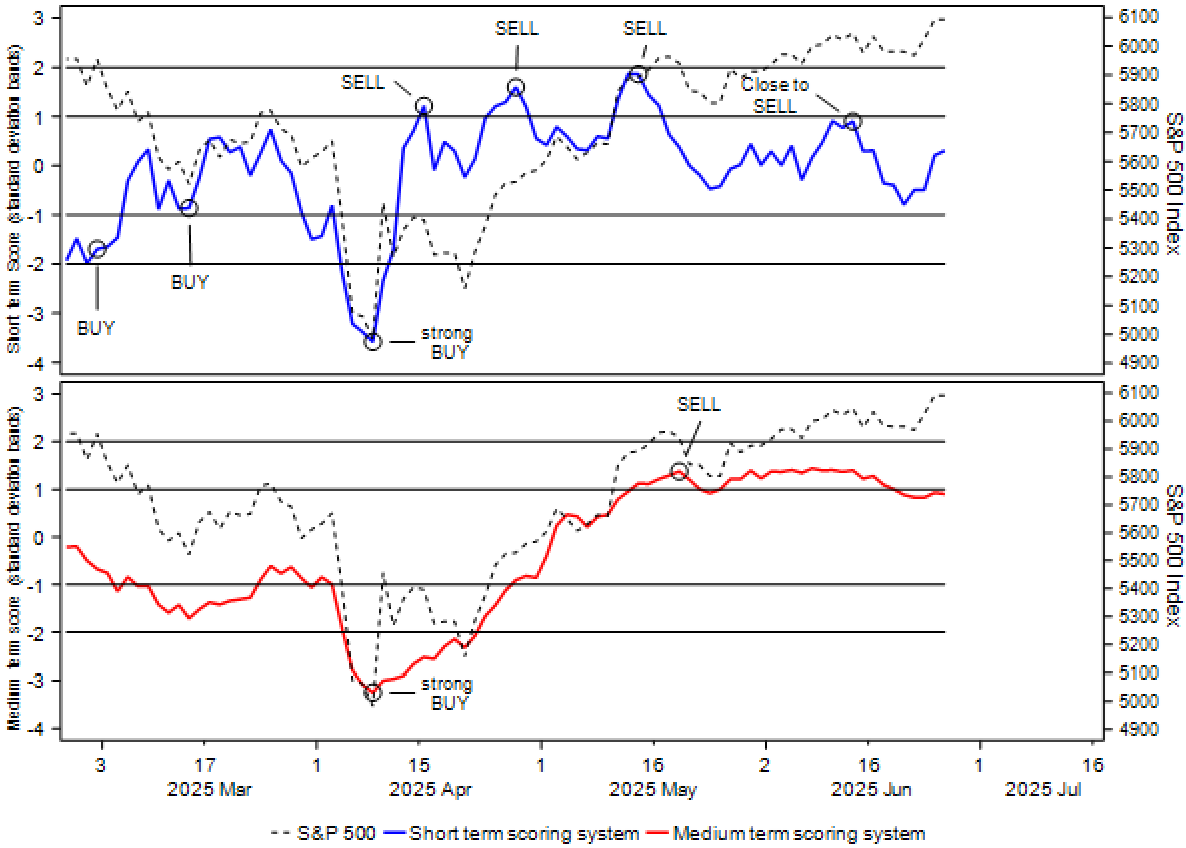
FIG 3b: Percentage of US single stocks which are overbought (i.e. with 14-day RSIs>70)



Key Longview Scoring Systems (chart below):

Short term (1 – 2 week) scoring system: **NEUTRAL**
Medium term (1 – 4 month) scoring system: **NEUTRAL** (just)

FIG A: Longview short and medium term scoring systems vs. S&P500



Source: Longview Economics, Macrobond

Key macro data/events

Key data today include: German GfK consumer confidence (July, 7am); UK CBI distributive trade survey (June, 11am); **US durable goods orders** (May first estimate, 1:30pm); **US GDP** (Q1 third estimate, 1:30pm); US wholesale sales & inventories (May, 3pm); US Chicago Fed national activity (May, 12:30pm); US weekly jobless claims (1:30pm); **pending home sales** (May, 3pm); US Kansas City Fed manufacturing sector activity (June, 4pm).

Key events today include: Speeches by the Bank of England's Breeden at the CityUK annual conference (9:30am) & Bailey at the British Chambers of Commerce Global Annual Conference (12pm); speeches by the Fed's Goolsbee on CNBC (1:30pm), Barkin on the economy (1:45pm), Daly on Bloomberg TV (1:45pm) & Barr on community development (6:15pm).

Key earnings today include: Nike.

Definitions & other matters:

RAG = Risk Appetite Gauge

The 'Daily Risk Appetite Gauge' publication is designed to generate '1 to 2' week trading recommendations on equity indices. For trading recommendations on currencies, rates, bonds and other assets, pls see Macro-TAA trade publications.

For a medium-term recommendation please see our '1 – 4' month tactical market views which are updated at the start of each month in our Tactical Equity Asset Allocation publication (as well as occasional ad-hoc intra month Tactical Alerts). The latest update was published on 10th June 2025. If you are not on the distribution list and would like to receive these reports pls email info@longvieweconomics.com.

LVRAG
Daily Risk Appetite Gauge

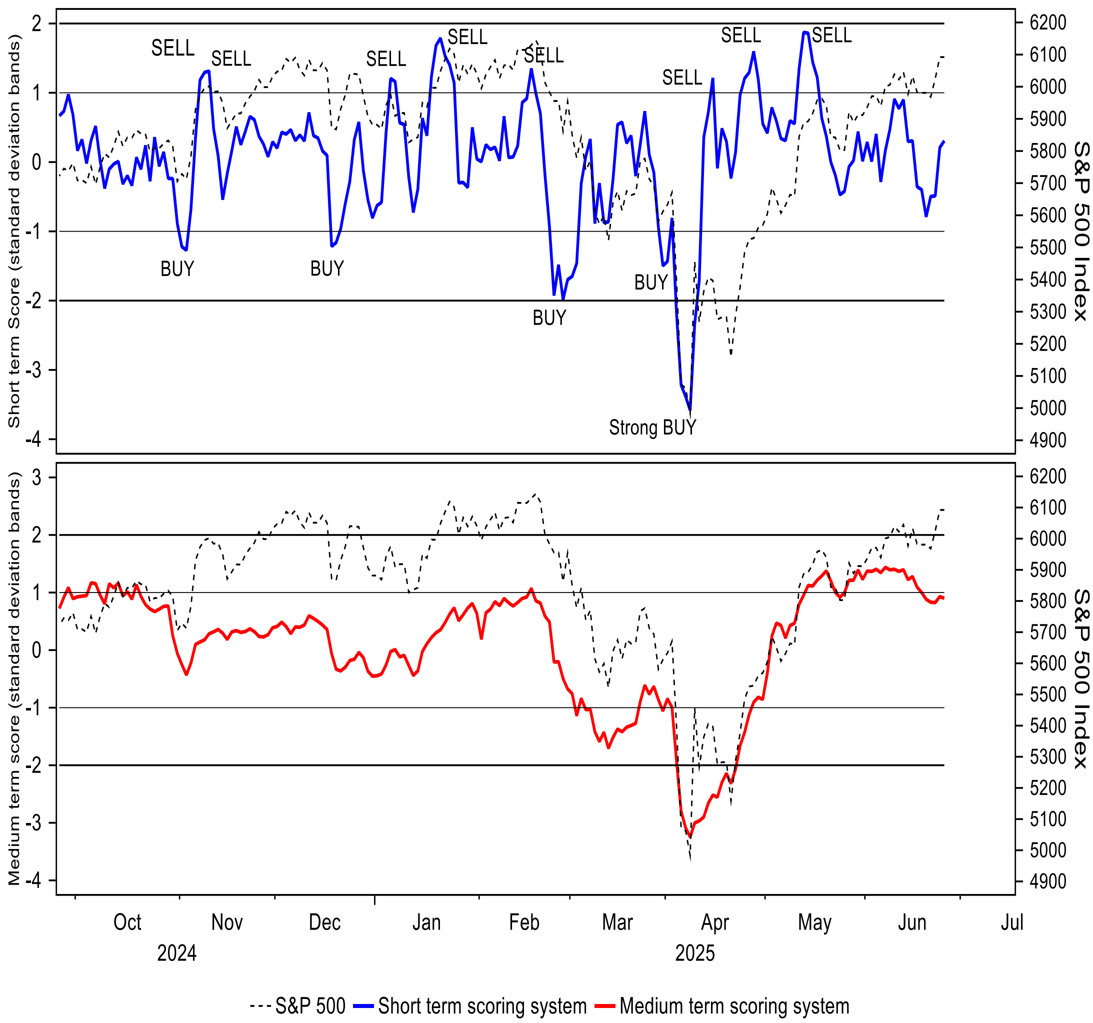
1 – 2 Week View on Risk

26th June 2025

Longview Economics
Email: research@longvieweconomics.com

Section 1: Longview Scoring Systems (short & medium term*)

Fig 1: Longview 'short term' and 'medium term' scoring systems



Short term scoring system is NEUTRAL

Medium term scoring system is NEUTRAL

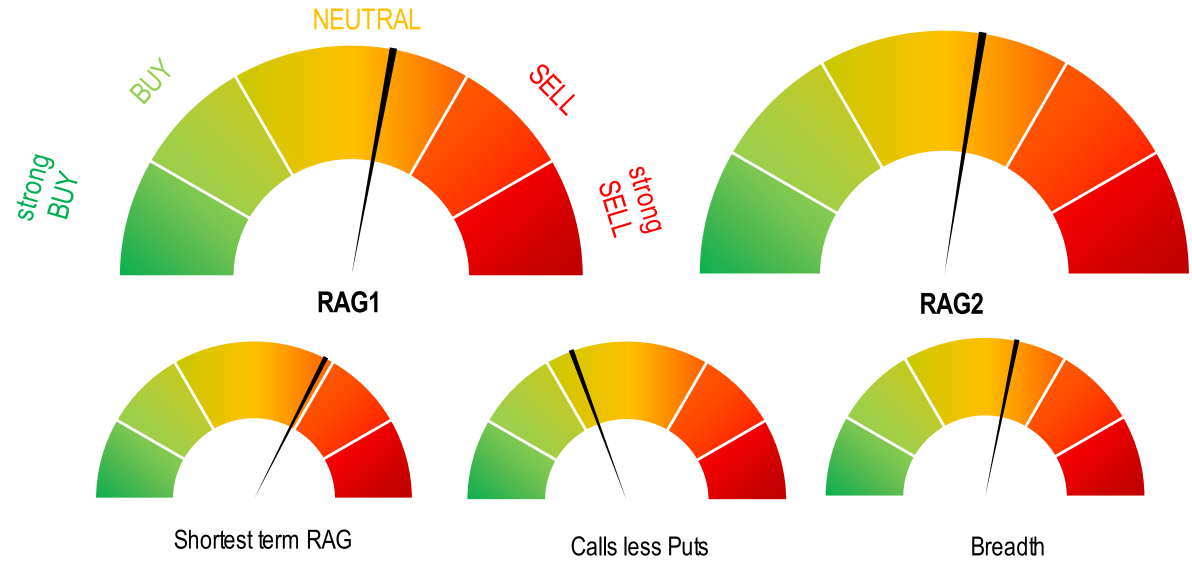
Source: Longview Economics, Macrobond

*NB short term is 1 – 2 weeks; medium term is 1 – 4 months

Important disclosures are included at the end of this report
For explanations of indicators please see page 10

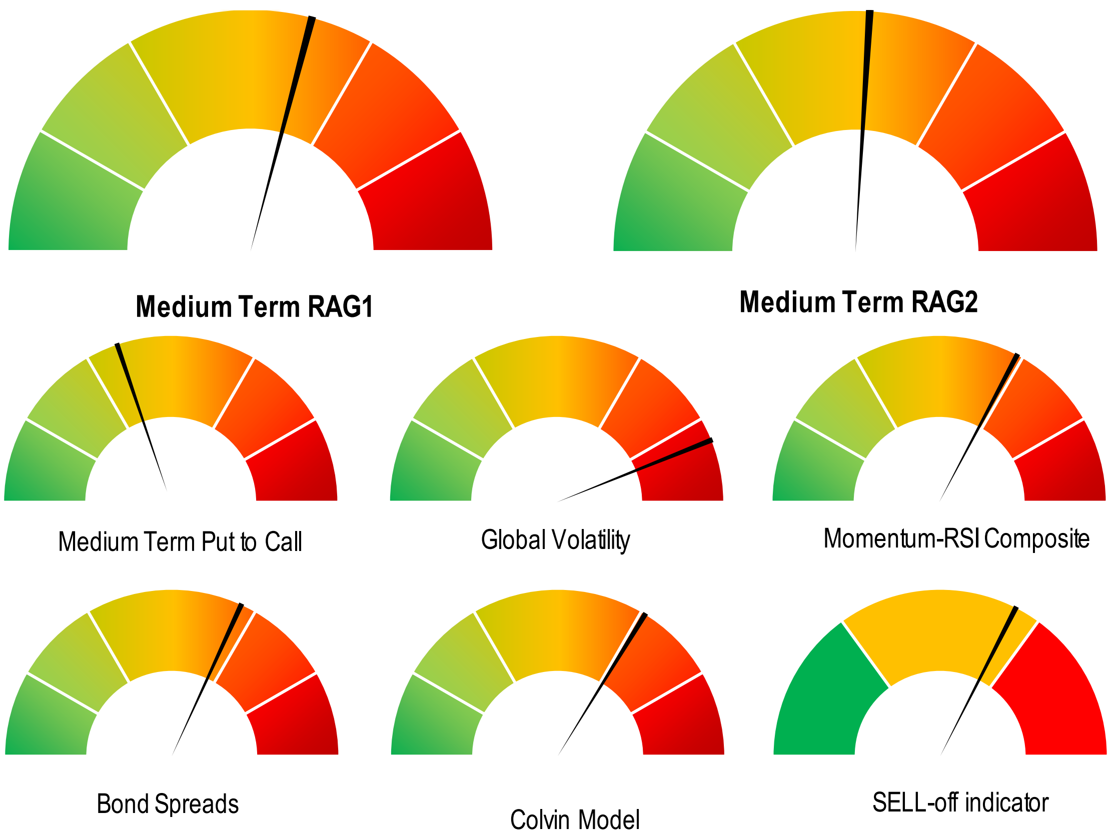
Section 1a: Summary of indicator signals**

Fig 1a: Short term models – shown as gauges using standard deviation bands



Source: *Longview Economics*

Fig 1b: Medium term models – shown as gauges using standard deviation bands

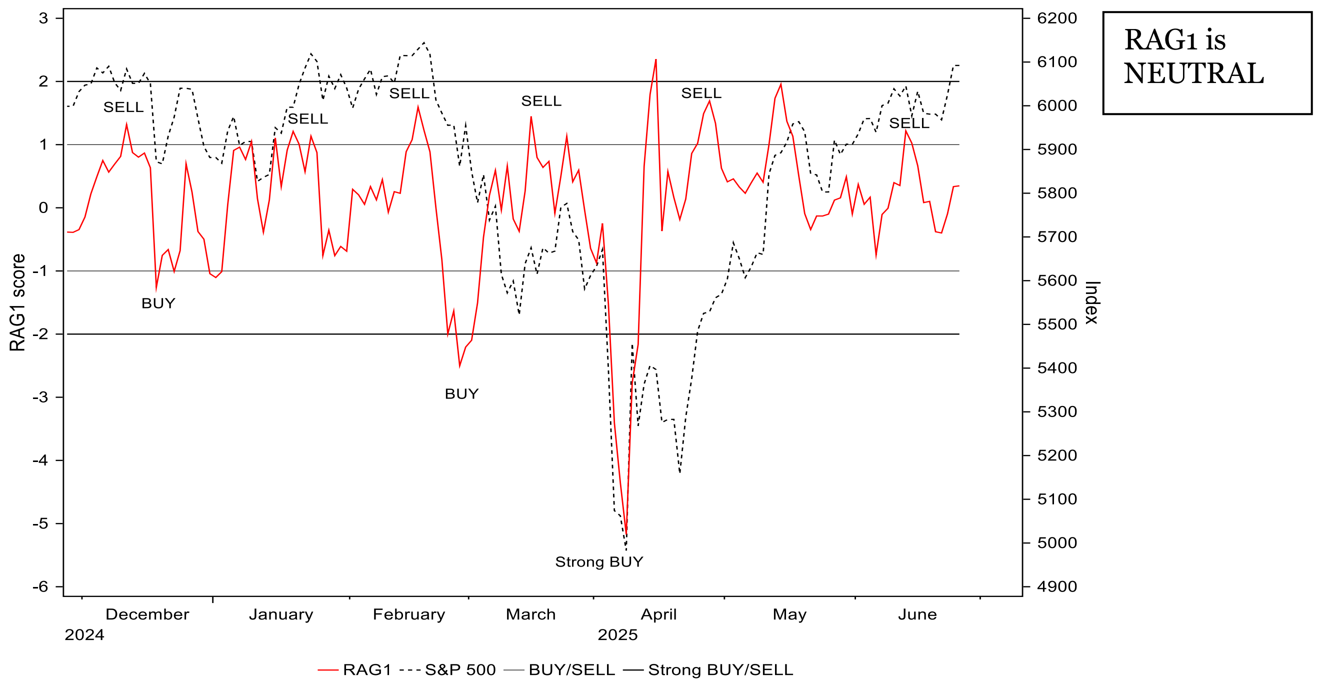


Source: *Longview Economics*

**The gauges are a pictorial representation of the strength of the current BUY, SELL or NEUTRAL signal of each indicator

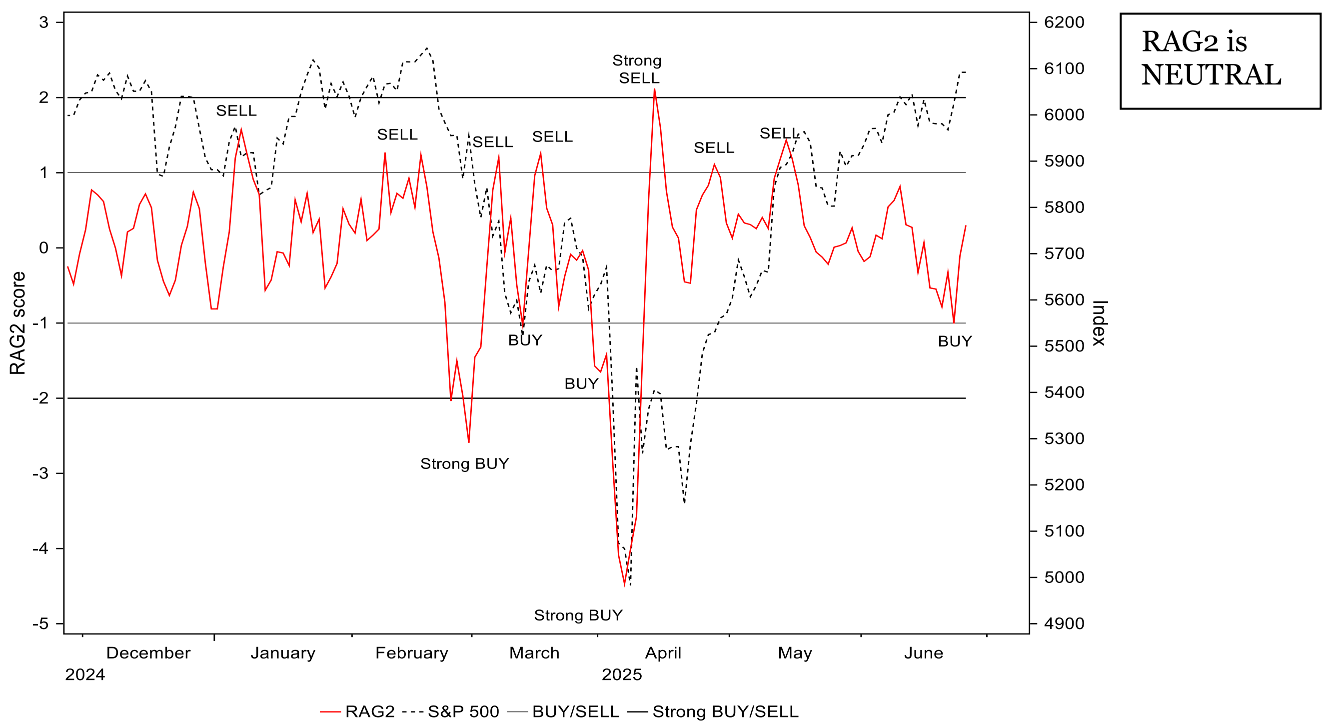
Section 2: Short term (1 – 2 week) trading models

Fig 2a: RAG 1 vs. S&P 500



Source: Longview Economics, Macrobond

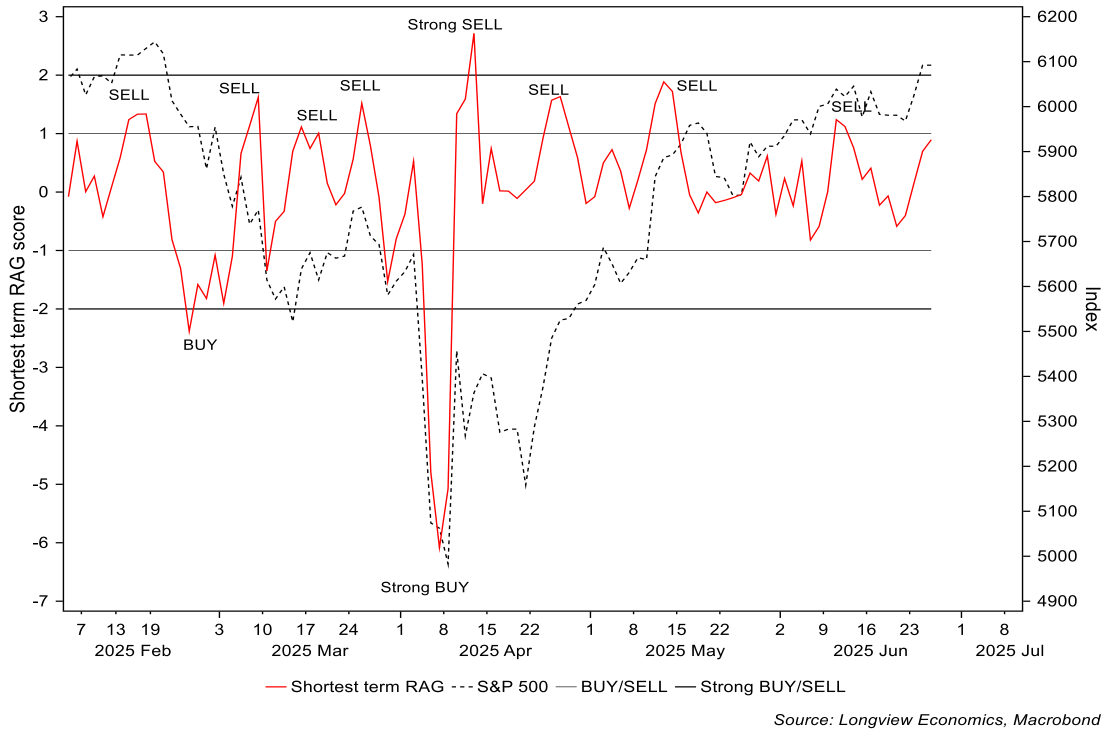
Fig 2b: RAG 2 vs. S&P 500



Source: Longview Economics, Macrobond

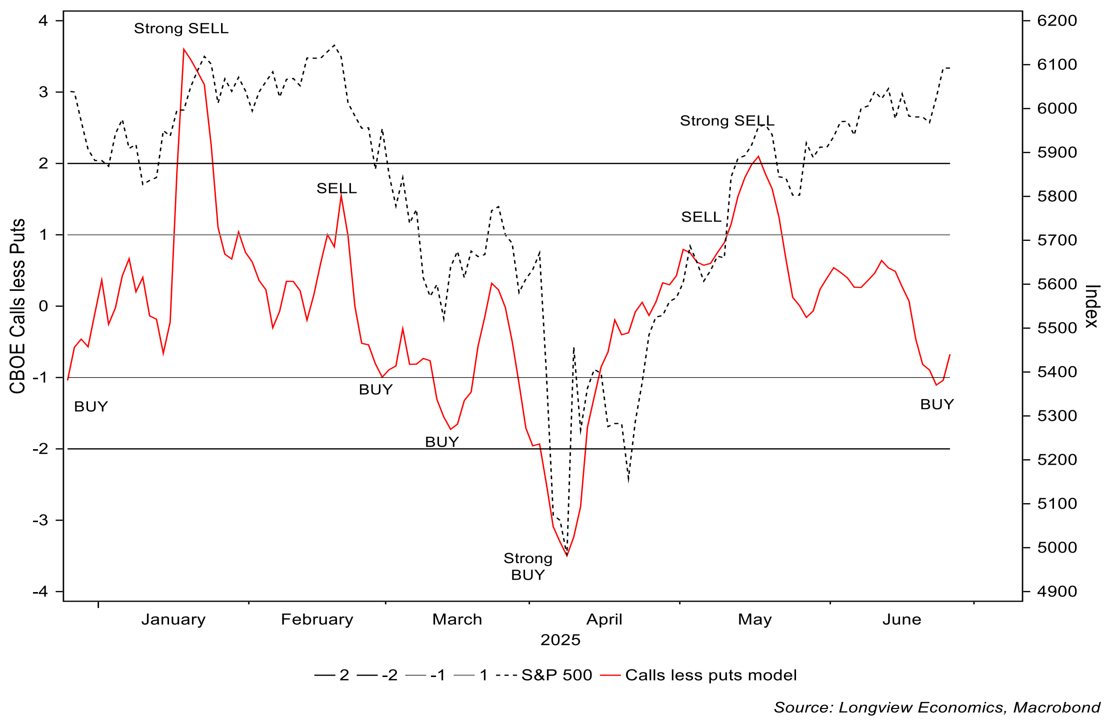
For explanations of indicators please see page 10

Fig 2c: Shortest term RAG (i.e. using a 3 day moving average) vs. S&P 500



Shortest term RAG is NEUTRAL

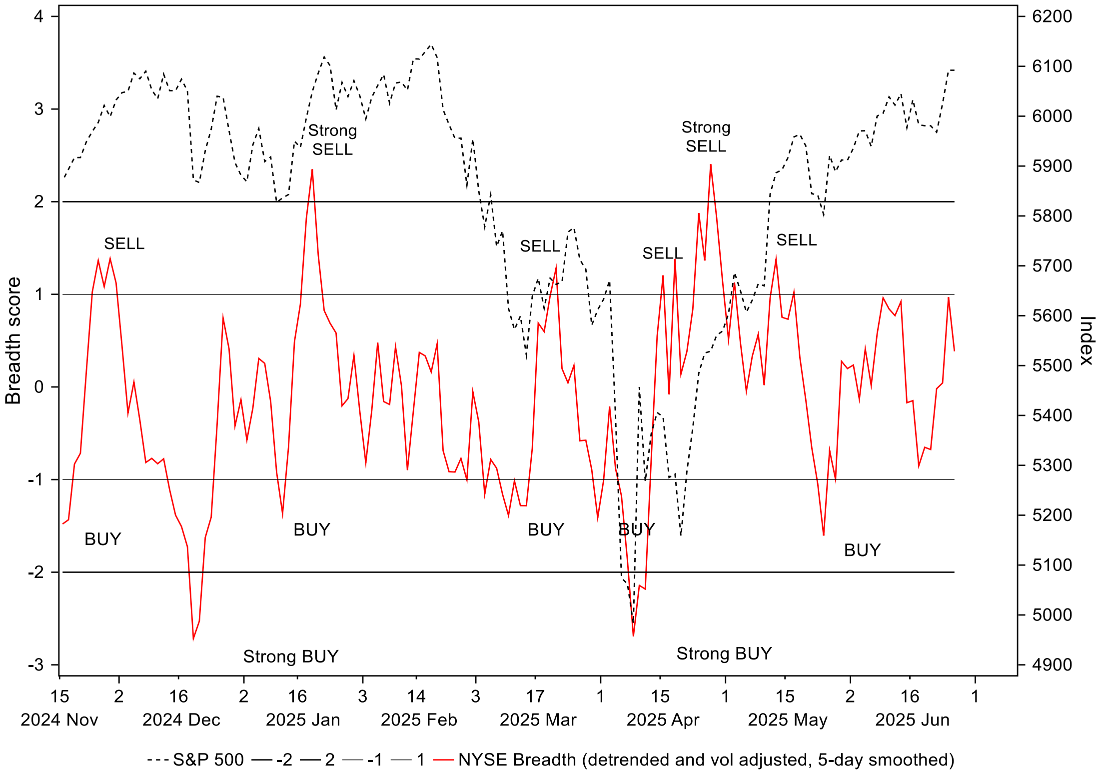
Fig 2d: CBOE calls less puts (5 day moving average) vs. S&P500



Calls less puts model is NEUTRAL

For explanations of indicators please see page 10

Fig 2e: Advancers less decliners (NYSE) – 5 day moving average vs. S&P 500



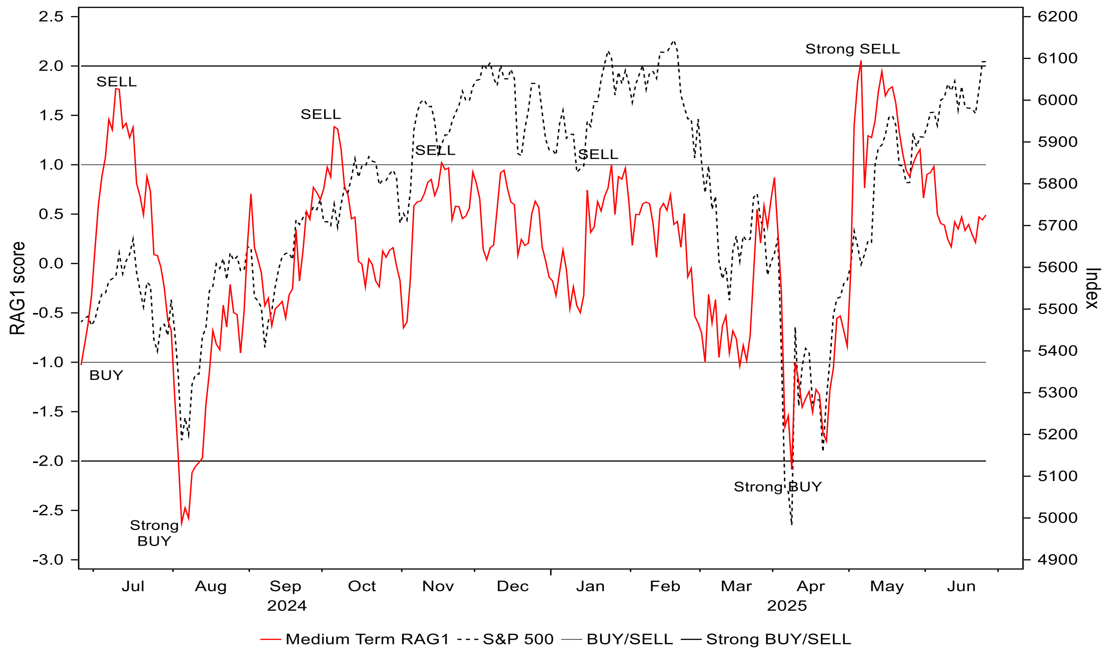
The breadth model is NEUTRAL

Source: Longview Economics, Macrobond

For explanations of indicators please see page 10

Section 3: Medium term (1 – 4 month) outlook

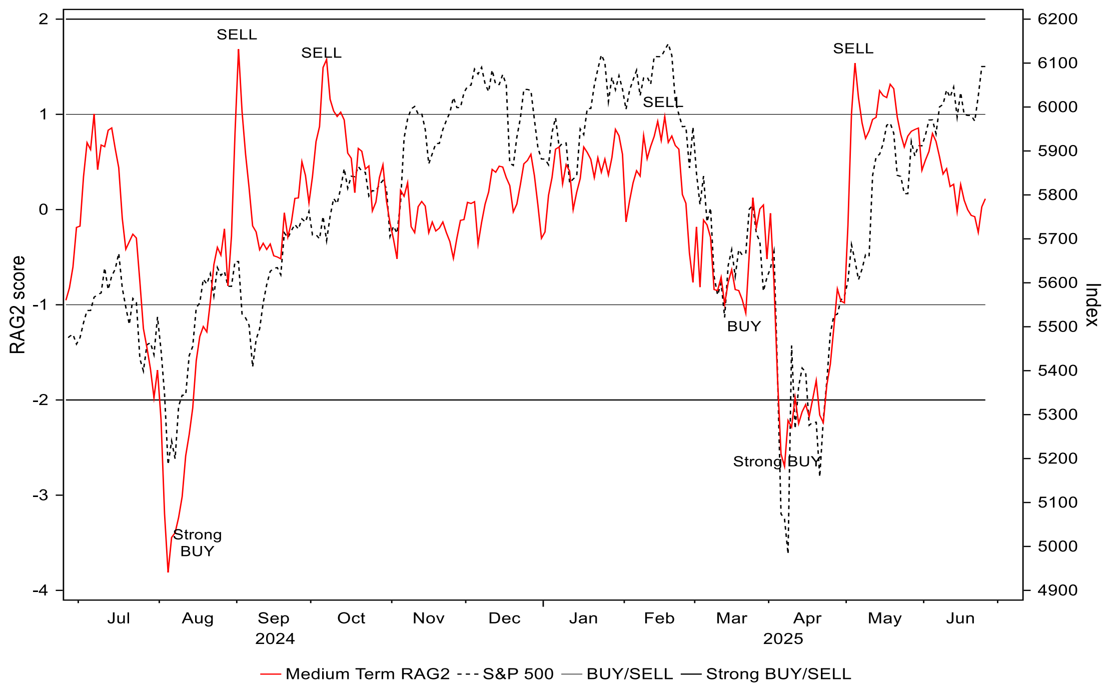
Fig 3a: Medium term RAG1 (1 – 4 month view) vs. S&P 500



Medium term RAG1 is NEUTRAL

Source: Longview Economics, Macrobond

Fig 3b: Medium term RAG2 (1 – 4 month view) vs. S&P 500

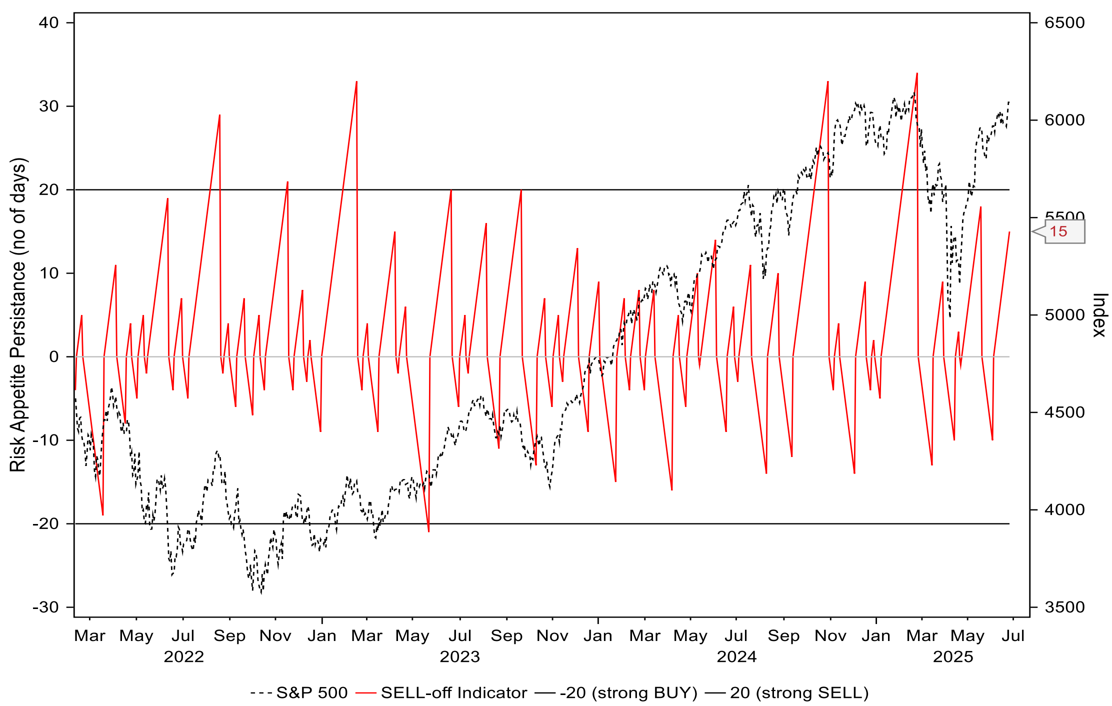


Medium term RAG2 is NEUTRAL

Source: Longview Economics, Macrobond

For explanations of indicators please see page 10

Fig 3c: SELL-off indicator (shown vs. S&P500)

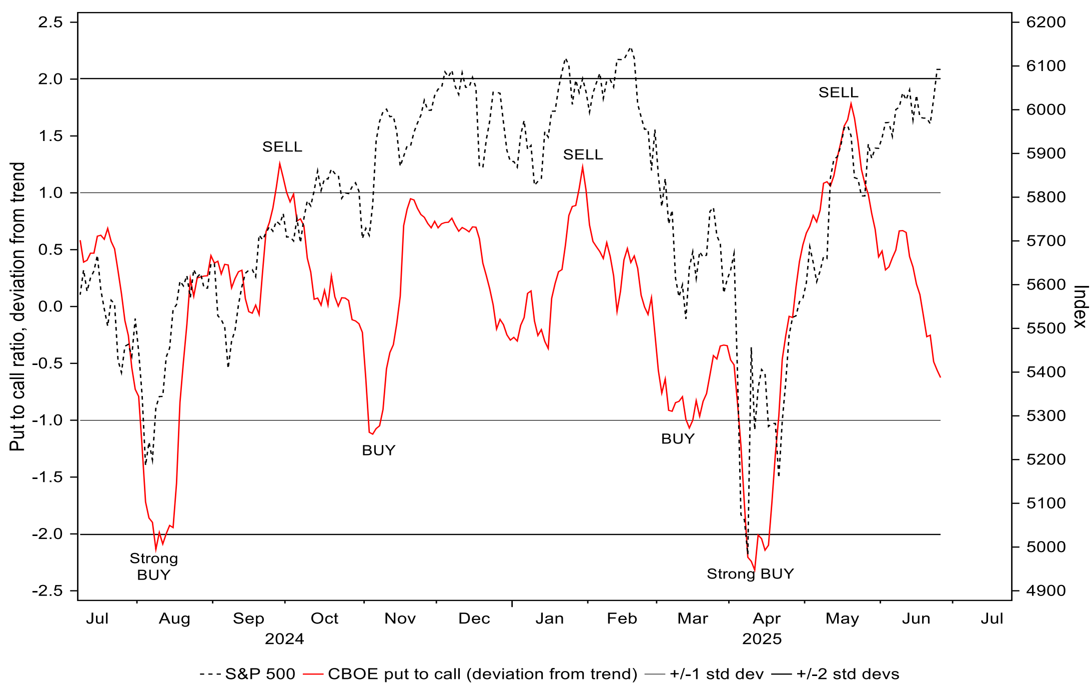


Source: Longview Economics, Macrobond

The SELL-off indicator is NEUTRAL

(@ +20 it warns of a potential major SELL-off in risk assets – i.e. a strong SELL signal)

Fig 3d: CBOE put to call trend deviation model vs. S&P500

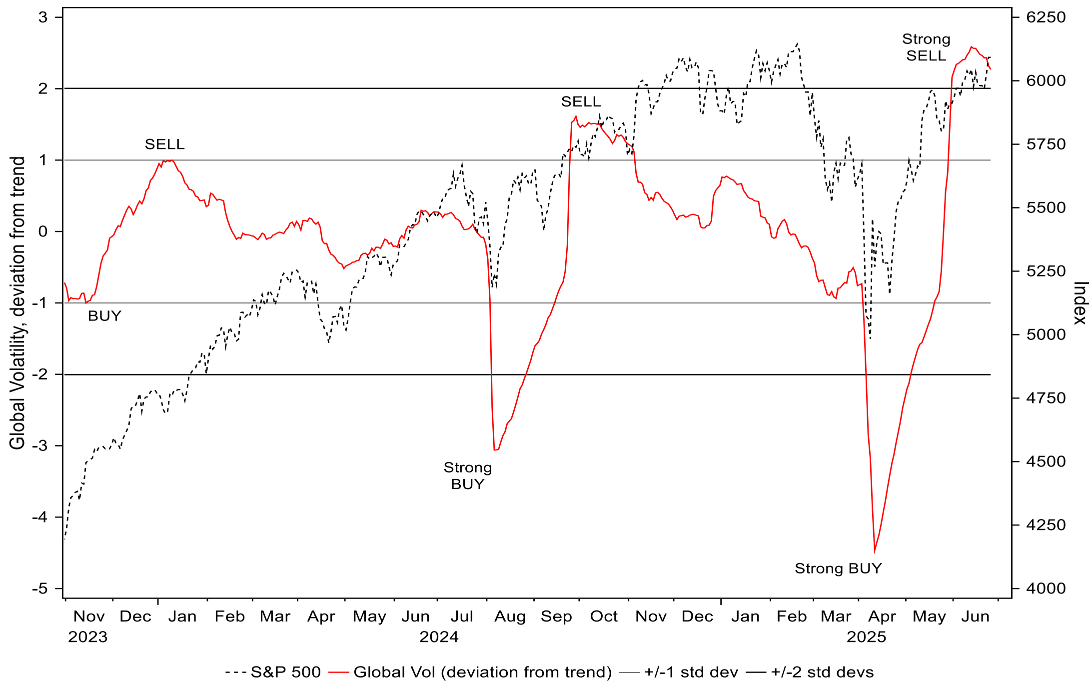


Source: Longview Economics, Macrobond

Medium term put to call model is NEUTRAL

For explanations of indicators please see page 10

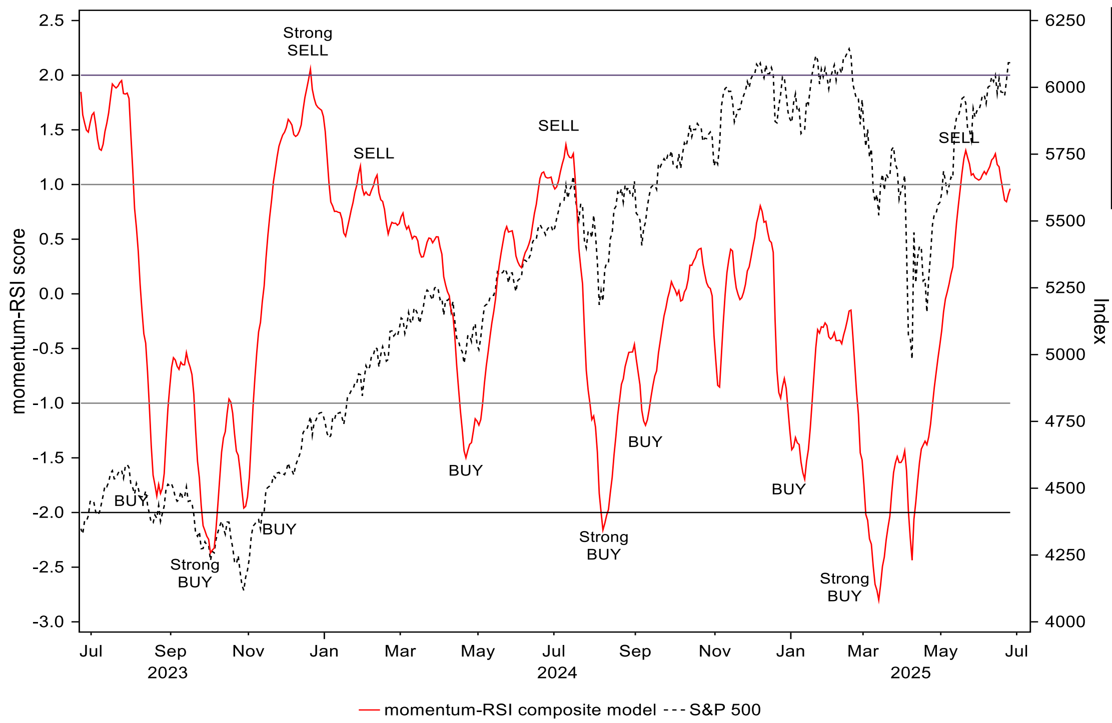
Fig 3e: Global volatility (deviation from trend) model vs. S&P500



Source: Longview Economics, Macrobond

Global volatility indicator is on Strong SELL

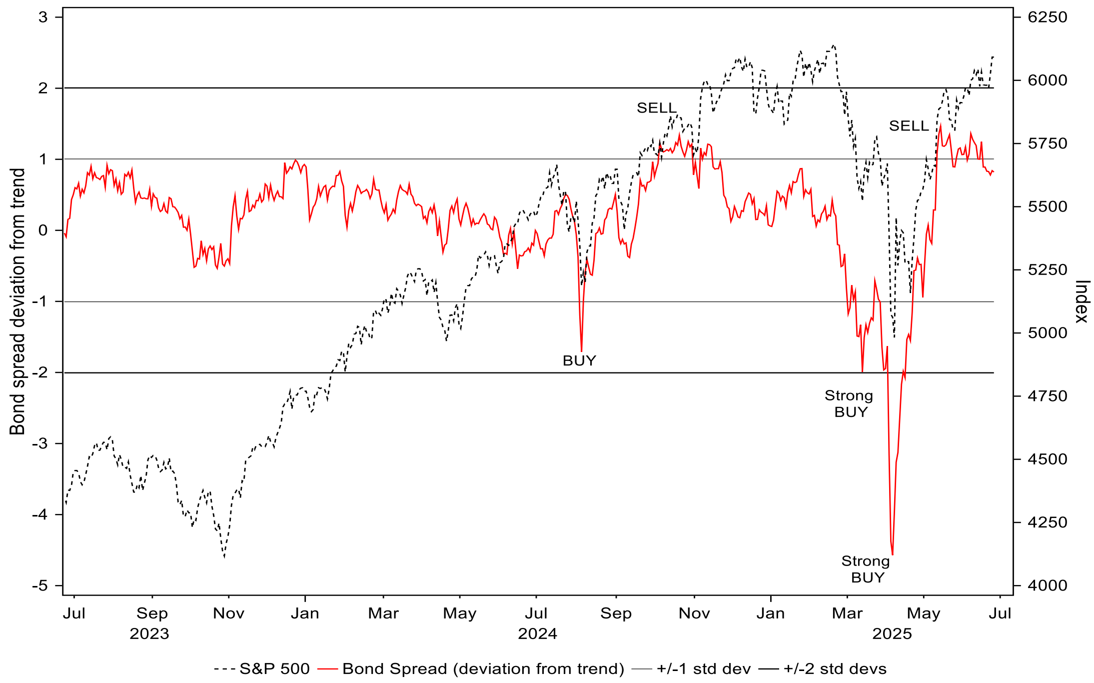
Fig 3f: Longview Momentum-RSI composite model vs. S&P 500



Source: Longview Economics, Macrobond

US momentum RSI composite model is NEUTRAL (just)

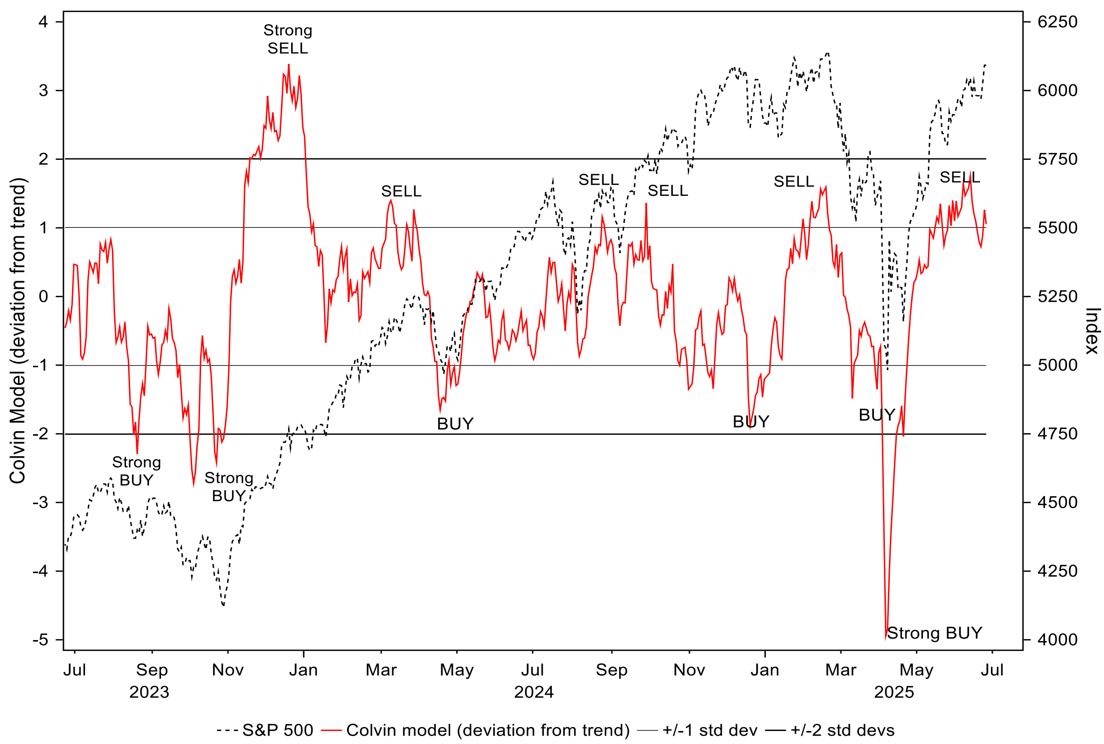
Fig 3g: High yield corporate bond spreads deviation from trend model vs. S&P500



Source: Longview Economics, Macrobond

High yield corporate bond spreads model is NEUTRAL (just)

Fig 3h: Colvin model (deviation from trend) vs. S&P500



Source: Longview Economics, Macrobond

Colvin model – is on SELL

For explanations of indicators please see page 10

Appendix: Model Explanations

Model 2a-b: Short term RAG1 & RAG2 (risk appetite gauge)
RAG1&2 each draw upon the volatility and price movement of approximately 70 financial instruments each day. By plotting risk curves we derive the risk appetite of the investment community as a whole on any and every day's trading in financial markets.

Model 2c: Shortest term RAG
This RAG model is a shorter term moving average risk appetite model than model 2a. By being shorter term in nature it helps to more accurately time the entry day for a specific trade.

Model 3a – 3b: Medium term RAGs
This is a medium term version of the risk appetite models. This is designed to forecast the direction of equity markets on a 1 – 2 month timeframe.

Model 3c: SELL-off indicator
The SELL-off indicator measures the number of days our RAG system has been on a SELL signal (i.e. as a positive number) and the number of days which it has been on a BUY signal (negative reading). When the indicator moves above +20 (i.e. risk appetite has been persistently high for a long period of time) this indicator warns of a potential sell-off in equity markets (and other risky assets). Most major SELL-offs in equity markets in recent years have been accompanied/foreshadowed by a reading of over +20.

Model 3d: CBOE put to call (deviation from trend model)
This model measures movements in the put to call ratio from its medium term moving average trend line. A sharp move higher (lower) in the put to call ratio indicates heightened levels of fear (complacency) and is used as a contrarian indicator. NB Given that the absolute put to call ratio has historically undergone long term structural trends, a deviation from trend model correlates more closely with medium term trends in equities.

Model 3e: Global volatility (deviation from trend model)
The (underlying) global volatility indicator measures the degree of complacency in financial prices. It achieves this by measuring short term realised volatility in over 150 financial assets from around the globe and across the asset class spectrum. A low reading indicates that only a low level of risk is priced into financial markets (and vice versa). Given, though, that volatility is an asymmetric measure of risk we use a deviation from trend version – which correlates more closely with trends in equities.

Model 3f: Momentum Model
Based on the rate of acceleration (or deceleration) of the momentum of the convergence (or divergence) of a short and a long term moving average of the equity or other price index. The concept is equally applicable to any financial market and the signals are particularly pertinent at extremes.

Model 3g: High yield corporate bond spreads (deviation from trend model)
This model measures movements in the spread of high yield corporate bonds over US Treasury yields from its moving average trend line. Given that the spread is an asymmetric measure of risk we use a deviation from trend version – which correlates more closely with trends in equities.

Model 3h: Colvin model
The Colvin model measures global market breadth i.e. the strength of the advance (or decline) in global risk asset prices. Extreme deviations from trend reflect rapid advances/declines in asset prices thereby leading to and generating overbought/oversold signals.

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